

Message Text

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ACTION EB-11

INFO OCT-01 NEA-14 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00

DOT-00 INR-11 NSAE-00 RSC-01 FAA-00 DRC-01 SS-20

NSC-07 L-03 XMB-07 TRSE-00 FRB-03 CIEP-03 /091 W

----- 072670

R 190900Z SEP 74

FM AMCONSUL KARACHI

TO SECSTATE WASHDC 8366

AMEMBASSY BEIRUT

AMEMBASSY ISLAMABAD

AMCONSUL LAHORE

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E.O. 11652: N/A

TAGS: EAIR, PK

SUBJECT: CIVAIR - FOREIGN GOVERNMENT SUBSIDIES TO
FOREIGN AIRLINES

BEIRUT FOR RCAA

REF: A) STATE 79306 B) KARACHI 0950 C) STATE 162608

1. CONGEN HAS HAD FURTHER CONSULTATION WITH LOCAL PAN
AM REP CONCERNING POSSIBLE INDIRECT SUBSIDIES TO PIA
RESULTING FROM PRACTICES OUTLINED REF C. NEITHER PAN
AM REP NOR CONGEN BELIEVE INSTANCES OUTLINED UNDER
ANY SUBHEADINGS OF PARA 1 REF C APPLY HERE WITH
FOLLOWING EXCEPTIONS:

2. WITH REFERENCE TO PARA 1-C REF C, LOCAL PAN AM
REP NOTES THAT PIA WITH ASSISTANCE FROM EXIM BANK AND
PRIVATE U.S. BANKS CLEARLY ABLE TO FINANCE NEW DC-10
AIRCRAFT AT INTEREST RATES MORE FAVORABLE THAN COULD BE
OBTAINED BY PAN AM IN UNITED STATES.

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3. PARA 1-F: ALTHOUGH MAIL RATE IS SAME FOR ALL CARRIERS,

PAN AM REP NOTES THAT GOP POLICY FOR GIVING OUT MAIL FOR CARRIAGE CLEARLY FAVORS PIA, EVEN THOUGH SUCH PRACTICES OFTEN RESULT IN DELAY IN MAIL HANDLING. PAN AM ESTIMATES 95 PERCENT OF OUTGOING MAIL FROM PAKISTAN IS CARRIED BY PIA.

4. PARA 1-G: ALTHOUGH RATE FOR MILITARY CARGO BELIEVED STANDARD, GOP AGAIN CLEARLY FAVORS NATIONAL CARRIER FOR CARRIAGE. PAN AM PRESUMES ALL PAK MILITARY CARGO CARRIED BY PIA.

5. PARA 1-J: ALTHOUGH PAN AM REP KNOWS OF NO SUBSIDIES FOR DOMESTIC TRANSPORTATION SERVICES OF PIA AS SUCH, HE POINTS OUT THAT PAK GENERAL SCHEDULE FOR LANDING FEES ON DOMESTIC FLIGHTS CONSIDERABLY LOWER THAN THOSE FOR INTERNATIONAL FLIGHTS. SINCE ALL DOMESTIC COMMERCIAL FLIGHTS ARE CARRIED OUT BY PIA, ITS OVERALL OPERATIONS APPEAR FAVORED IN RELATION TO THOSE OF FOREIGN CARRIERS IN RESPECT TO LANDING FEES IN PAKISTAN.
TIGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FINANCE, TRANSPORTATION SUBSIDIES, AIRLINES, INTEREST RATES, AIRCRAFT SALES, AIRPORT FEES
Control Number: n/a
Copy: SINGLE
Draft Date: 19 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cunninfx
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974KARACH01898
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740263-0408
From: KARACHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740932/aaaabazx.tel
Line Count: 80
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: A) STATE 79306 B) KARACHI 0950 C) ST, ATE 162608
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 22 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 AUG 2002 by shawdg>; APPROVED <04 MAR 2003 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CIVAIR - FOREIGN GOVERNMENT SUBSIDIES TO FOREIGN AIRLINES
TAGS: EAIR, PK, PIA, PANAM
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005